

## Sales of Heating Oil to Exempt Organizations

### **Petroleum Business Tax Rate Reduced Effective September 1, 1995**

**Effective September 1, 1995**, organizations granted exemption from sales tax under sections 1116(a)(4) or 1116(a)(5) of the Tax Law may purchase unenhanced diesel motor fuel (no. 2 fuel oil) or residual petroleum product (no. 4 fuel oil) without the supplemental petroleum business tax included in the purchase price. As a result, the rates of petroleum business tax applicable to these sales are 7.53-cents-per-gallon for unenhanced diesel motor fuel and 6.02-cents-per-gallon for residual petroleum product.

In order to claim their eligibility for the reduced rates of petroleum business tax, exempt organizations must give properly completed copies of Form FT-1021 (9/95), *Exemption Certification for Certain Exempt Organizations*, to their suppliers. The fuel purchased must be exclusively for the use or consumption of the exempt organization, but not on New York State highways. Additionally, purchases of unenhanced diesel motor fuel delivered into a tank equipped to fuel a motor vehicle or purchases made at a filling station **do not qualify** for the reduced rate.

Exemption under section 1116(a)(4) is limited to organizations operated exclusively for religious, charitable, scientific, literary or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.

Exemption under section 1116(a)(5) is limited to posts or organizations of past or present members of the armed forces of the United States. or auxiliary units or societies of, or trusts

or foundations for, any such posts or organizations.

A supplier of unenhanced diesel motor fuel or residual petroleum product should take credit for the supplemental tax on sales to qualifying exempt organizations on its petroleum business tax return.

### **Petroleum Business Tax Exemption Effective January 1, 1996**

**Beginning January 1, 1996**, these same organizations may purchase unenhanced diesel motor fuel or residual petroleum product exempt from the petroleum business tax. This full exemption is limited to fuel delivered to the premises occupied by the exempt organization and used by the organization in the furtherance of its exempt purposes. However, the exempt organization may not consume the fuel on New York State highways.

Purchases of unenhanced diesel motor fuel delivered into a tank equipped to fuel a motor vehicle or purchases made at a filling station **do not qualify** for the exemption. In order to claim their eligibility for the full exemption from the petroleum business tax, exempt organizations must give properly completed copies of revised Form FT-1021 (1/96) to their suppliers.

This exemption will not apply to any fuel consumed in an unrelated business activity conducted by the organization. The term *unrelated business activity* means those activities defined in Article 13 of the New York State Tax Law. If a qualified organization purchases fuel in bulk that will be consumed for both related and unrelated use, the organization must allocate, on the revised Form FT-1021 (1/96), the quantity of fuel purchased for related and unrelated use.